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C O N F I D E N T I A L SECTION 01 OF 02 PANAMA 000145

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SUBJECT: PANAMA VICE PRESIDENTIAL CANDIDATE SAMUEL LEWIS
NAVARRO EXPLAINS PRD'S "CAMPAIGN OF IDEAS"

REF: A. 03 PANAMA 02442

[B](#). 03 PANAMA 03173

[C](#). 03 PANAMA 03294

Classified By: AMBASSADOR LINDA WATT FOR REASONS 1.5 (B) & (D).

SUMMARY

[1](#). (C) In recent meeting with Pol Counselor, first vice presidential candidate Samuel Lewis Navarro argued that the Martin Torrijos ticket of the Democratic Revolutionary Party (PRD) offers Panama its best chance to improve social and economic conditions in Panama and eliminate the threat to democracy that increasing poverty, corruption, and disillusionment would bring. The main tasks of a Torrijos government would be A) Canal expansion; B) a bilateral free trade agreement (FTA) with the United States; C) a "redesign" of Panama's strategic relationship with the U.S. to emphasize shared security interests; and D) rebuilding credibility with the people by delivering education, services, and improving Panama's transportation system. End Summary.

Panama's "Last Chance"

[2](#). (C) Official corruption is Panama's most pressing problem, Lewis Navarro maintained, adding that "change must come from the top or else we face a social revolution here." He underscored "disturbing parallels" between 2004 and 1968, the year the military took power in Panama, when he said many were willing to gamble that the military might improve their lives. Then, as now, people lost confidence in the governing class, Lewis Navarro said. (Comment: Unlike in 1968, Panama no longer has a military. On the other hand, observers have warned that the system is ripe for an unscrupulous, Chavez-type populist politician to exploit the anger and disillusionment of deprived Panamanians, who rail against the growing corruption in the governing class. See Ref A.) One of Panama's leading businessmen, with international interests in fruit and packaging, Samuel Lewis Navarro told Pol Counselor that the best way to halt Panama's slide toward what he predicted would be social and political catastrophe would be to elect Martin Torrijos president.

Get Panama Back on Track

[3](#). Radical reforms are not needed, Lewis Navarro claimed. Instead, a new PRD government would try to reform Panama gradually but steadily to put it back on track, by emphasizing A) canal expansion; B) a bilateral free trade agreement (FTA) with the United States; C) a redesign of Panama's strategic relationship with the U.S. to highlight shared security concerns after 9/11; and D) rebuilding credibility with the people by delivering education, public services, and improving a decaying transportation system.

Endara As Anti-Establishment

[4](#). (C) Saying he is very surprised at (former president) Endara's relatively high poll numbers (Torrijos leads Endara 49%-32%), Lewis Navarro correctly noted that those prospective votes for Endara come at the expense of Jose Miguel Aleman (the Arnulfista candidate), not Martin Torrijos. Labeling Endara as "anti-establishment, the populist candidate for people who are fed up," Lewis Navarro discounted Endara as a serious threat to Torrijos, presumably because Endara lacks a nationwide party structure.

Campaign of Ideas

15. (SBU) Lewis Navarro claimed that Torrijos is running "a campaign of ideas," citing a speech that proposed Panama should emulate Finland, Ireland, Singapore, South Korea, and Taiwan as underdeveloped countries that lifted themselves out of poverty in a single generation. Torrijos asserted that Panama's potential as the Hemisphere's logistics hub, and its growing middle class, will help it to maintain a sustained rate of economic growth.

16. (SBU) Torrijos has proposed creating jobs by "revitalizing" export-capable economic sectors, such as agriculture and manufacturing; increasing productivity and competitiveness (through training, education, and investment in infrastructure); prioritizing tourism, maritime services and ports, transport, fisheries, communications, and financial services as "growth industries"; concluding a Panama-U.S. free trade agreement; and rationalizing public finances, reducing regulations, and completing the Colon-Panama highway. Turning to economic issues, Lewis Navarro asserted that a U.S.-Panama FTA is about investment, not trade. He touted the FTA for its positive effects on procurement and contracting as the main lever to get foreign financing for Canal expansion, which will be the biggest infrastructure project in the Hemisphere.

Comment/Bio Note

17. (C) Not a politician himself, Lewis Navarro comes from a political family. His uncle, Samuel Lewis Galindo, is president of the Solidarity Party, which he founded in 1993, with Lewis Navarro's father (now deceased), Gabriel Lewis Galindo, a former foreign minister and ambassador to the United States. Lewis Navarro comes across as an ingenuous idealist. Insiders say Torrijos chose him as a running mate because of his "squeaky clean" image and his obvious skill as a manager. Lewis Navarro has not succeeded in masking his dislike for the "Old Guard" PRD nationalists and leftists, and they have returned the favor. Therefore his naming as the PRD's vice presidential candidate (he has aspirations to follow in his father's footsteps as foreign minister) must be seen as a positive sign of Martin Torrijos's ability to keep the PRD's "old guard" in check.

18. (C) What distinguishes the Torrijos team from the other three camps is its ambition to transform Panama into a "first world" country and its prolific ideas on how to do it. Even assuming Martin's good intentions, he will need to ride herd over the PRD's fractious wings to govern. Torrijos insiders claim that the candidate is in firm control, but concede that 20% of the PRD support former president Ernesto Perez Balladares, while 15% are (former dictator Manuel) Noriega-style nationalists, and many in those two groups are highly influential among party rank and file. Seeing himself as a Panamanian Tony Blair, Martin Torrijos told an ex-USG official that he hopes to bring the PRD firmly to the middle of the electable political center, and drop its archaic political baggage.

19. (C) The question is, will Martin Torrijos be able to govern as he wishes with an influential "old guard" who mostly oppose his policies? While we cannot answer this hypothetical question, we have noted conflicting signals: Torrijos scored a big win by (privately) urging Perez Balladares not to seek another term in PARLACEN. The nomination would have sullied the PRD's image, and Torrijos deserves credit for raising the issue forcibly. But what really changed Perez Balladares's mind was probably not the Torrijos intervention but a Supreme Court decision the day before he announced his decision not to run for PARLACEN that he could not be prosecuted under evidence presented by Comptroller Alvin Weeden in the PECC scandal. (See Ref C.) Torrijos did finally sack his cousin Hugo Torrijos as campaign manager (due to corruption allegations cited in Ref C), only to appoint several questionable (visceral nationalists) from the "Old Guard" as key members of his campaign team. Clearly, Torrijos is still struggling to balance competing pressures from the multiple factions that uneasily coexist within the PRD camp.

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